

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	
CORPORATION for authority to reconcile its 2016)	Case No. U-18336
electric and natural gas energy optimization costs and)	
revenues and to revise surcharges for its WPSC Rate)	
Zone.)	
_____)	

At the September 15, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 24, 2017, Upper Michigan Energy Resources Corporation (UMERC) filed its application, with supporting testimony and exhibits, for authority to reconcile its WPSC Rate Zone energy optimization (EO), now known as energy waste reduction (EWR), plan costs and revenues for the 12-month period ended December 31, 2016, and to revise WPSC Rate Zone gas and electric EWR surcharges.

A prehearing conference was held on June 15, 2017, before Administrative Law Judge Dennis W. Mack. UMERB and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that: (1) the 2016 payments of \$112,999 for WPSC Rate Zone gas service and \$389,509 for

electric service to the independent energy optimization program administrator satisfy the requirements of MCL 460.1091(1); (2) the proposed reconciliation of WPSC Rate Zone 2016 gas EO revenues and costs should be approved, and the resulting overrecovery of \$11,290, including prior period roll-in and interest through December 31, 2016, should be reflected as the beginning balance for the WPSC Rate Zone 2017 gas EWR reconciliation; (3) the proposed reconciliation of WPSC Rate Zone 2016 electric EO revenues and costs should be approved, and the resulting overrecovery of \$24,503 including prior period roll-in and interest through December 31, 2016, should be reflected as the beginning balance for the WPSC Rate Zone 2017 electric EWR reconciliation; (4) the revised WPSC Rate Zone EWR surcharges for gas service, attached as Attachment 1 to the settlement agreement, should be approved for service rendered on and after October 1, 2017; and (5) the revised WPSC Rate Zone EWR surcharges for electric service for all classes should be approved for service provided on and after October 1, 2017, as shown on Attachment 2 to the settlement agreement.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. The 2016 payments of \$112,999 for WPSC Rate Zone gas service and \$389,509 for electric service to the independent energy optimization program administrator satisfy the requirements of MCL 460.1091(1).
- C. The proposed reconciliation of WPSC Rate Zone 2016 energy optimization revenues and costs for gas service is approved, and the resulting net overrecovery of \$11,290, including interest

through December 31, 2016, shall be reflected as the beginning balance for the WPSC Rate Zone 2017 gas energy waste reduction reconciliation.

D. The proposed reconciliation of WPSC Rate Zone 2016 energy optimization revenues and costs for electric service is approved, and the resulting net overrecovery of \$24,503, including interest through December 31, 2016, shall be reflected as the beginning balance of the 2017 electric energy waste reduction reconciliation.

E. The revised WPSC Rate Zone energy waste reduction gas surcharges, shown on Attachment 1 to the settlement agreement, are approved for service rendered on and after October 1, 2017.

F. The revised WPSC Rate Zone energy waste reduction electric surcharges, shown on Attachment 2 to the settlement agreement, are approved for service rendered on and after October 1, 2017.

G. Within 30 days of this order, Upper Michigan Energy Resources Corporation shall file with the Commission tariff sheets substantially similar to those attached as Attachments 1 and 2 to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days after issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of September 15, 2017.

Kavita Kale, Executive Secretary

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BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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UPPER MICHIGAN ENERGY RESOURCES)	
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revenues and to revise surcharges for its WPSC Rate Zone.)	
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SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, 2015 AC, R 792.10431, Upper Michigan Energy Resources Corporation (“UMERC”) and the Michigan Public Service Commission Staff (“Staff”), hereby agree as follows:

1. On March 24, 2017, UMERB filed with the Michigan Public Service Commission (“Commission”) its Application, along with the testimony and exhibits of its witnesses Diane J. Mier and James M. Beyer to, among other things, reconcile its WPSC Rate Zone electric and gas energy optimization (“EO”), now known as energy waste reduction (“EWR”), plan revenues and costs for the 12-month period ending December 31, 2016.

2. In its Application and supporting testimony, UMERB discussed the Commission’s December 9, 2016 Order in Case No. U-18061. The December 9 Order approved a settlement agreement that granted UMERB authority to provide retail natural gas and electric service to the Wisconsin Public Service Corporation’s (WPSC’s) former natural gas and electric customers. The Order approved terms in the settlement agreement creating two rate zones: one

for former Wisconsin Electric Power Company customers and one for the former WPSC customers. For the WPSC Rate Zone (the relevant Rate Zone for purposes of this case), UMERC adopted the EO plan and surcharges initially approved for the WPSC in Case Nos. U-15811 and U-15894.

3. On May 15, 2017, the Commission's Executive Secretary issued a Notice of Hearing directing UMERC to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan service area and to intervenors in Case Nos. U-18018. The Commission further directed UMERC to publish the Notice of Hearing in daily newspapers of general circulation throughout its WPSC Rate Zone. On June 5, 2017, UMERC filed with the Commission the affidavits of mailing and proofs of publication.

4. On June 15, 2017, Administrative Law Judge Dennis W. Mack presided over a prehearing conference in this matter. Staff entered its Appearance. There were no intervenors.

5. Subsequent to the prehearing conference, the parties engaged in settlement discussions and, as a result, reached agreement on all of the issues in this case. The parties to this settlement agreement agree as follows:

- a. The 2016 payments of \$112,999 for WPSC Rate Zone gas service and \$389,509 for electric service to the Independent Energy Optimization Program Administrator satisfy the requirements of MCL 460.1091(1).
- b. The proposed reconciliation of the WPSC Rate Zone 2016 EO revenues and payments should be approved by the Commission; and the resulting net over-recovery of \$11,290, including a prior period roll-in and interest through December 31, 2016, with respect to gas service; and the resulting net over-recovery of \$24,503, including a prior period roll-in and interest

through December 31, 2016, with respect to electric service shall be reflected as the beginning balances for the 2017 EWR costs and reconciliation.

- c. The proposed reconciliation complies with the EO plan initially approved in Case Nos. U-15811 and U-15894, as explained by Company witness Diane Mier. (See Diane Mier's Pre-filed Test, pp 4–5.)
- d. The proposed revised WPSC Rate Zone EWR surcharges for gas service, reflected in the tariff sheet attached hereto as Attachment 1, should be approved for service provided on and after October 1, 2017.
- e. The proposed revised WPSC Rate Zone EWR surcharges for electric service for all classes should be approved for service provided on and after October 1, 2017, as reflected in Attachment 2.

6. All of the signatories are of the opinion that this settlement agreement is reasonable, in the public interest and will aid the expeditious conclusion of this case.

7. This settlement agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge, or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

8. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or

any other proceeding hereof. This settlement agreement does not constitute precedent in any other case or proceeding. Without limiting the generality of the foregoing, this settlement agreement shall not constitute *res judicata* or collateral estoppel as to any issue. Neither the parties to the settlement nor the Commission shall use this settlement agreement or the order approving it, as precedent in any case or proceeding; provided however, reference to Paragraph 4 may be made to enforce or implement the provisions thereof in subsequent EWR proceedings.

9. The parties agree to waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to this proceeding, if the Commission approves this settlement agreement without modification.

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

Dated: August 24, 2017

By: **Sherri A. Wellman**
Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
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Date: 2017.08.24 17:18:38 -05'00'

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: August 24, 2017

By: **Spencer Sattler**
Its Attorney
Spencer A. Sattler (P70524)
Assistant Attorney General
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M.P.S.C. No. 1 – Natural Gas
Upper Michigan Energy Resources Corporation

Replaces 1st Rev. Sheet No. D-9.00
Original Sheet No. D-9.00
Schedule GSC

SECTION D RATE SCHEDULES

D3. SUPPLEMENTAL CHARGES

NATURAL GAS

1. Each Rate Schedule may be subject to Rule C3, Customer Attachment Program.
2. Energy Waste Reduction (EWR) Surcharge – This surcharge is pursuant to Section 91(4) of 2008 PA 295, as amended by 2016 PA 342, the adjustment of distribution service rates, via the application of an Energy Waste Reduction Surcharge, to allow recovery of the energy waste reduction alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295, as amended by 2016 PA 342. The EWR compliance payments and the associated surcharges are subject to a reconciliation mechanism.

The approved Energy Waste Reduction Surcharges are listed below:

<u>Customer Class</u>	<u>EWR Surcharge</u>	
Residential	\$0.0054/Therm	
	<u>Per Day/meter</u>	<u>Per Month/meter</u>
C & I Small-year round customers	\$0.0302	\$0.92
C & I Small-seasonal customers	\$0.0604	\$1.84
C & I Large	\$0.5581	\$16.98
Transportation Medium*	--	---
Transportation Large	\$0.5917	\$18.00
Transportation Super Large	\$8.2466	\$250.83

* No customers currently on this rate

Issued XX-XX-XX
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin
18336

Effective for service rendered on and
after XX-XX-XX
Issued under authority of the
Michigan Public Service Commission
dated XX-XX-XX in Case No. U-

M.P.S.C. No. 1 – Electric

WPSC Rate Zone

Upper Michigan Energy Resources Corporation

1st Rev. Sheet No. D-156.00Replaces Original Sheet No. D-156.00**D12. ENERGY ~~OPTIMIZATION-WASTE REDUCTION~~ (EOEWR)****~~EOEWR~~****ENERGY ~~OPTIMIZATION-WASTE REDUCTION~~ SURCHARGE**

This surcharge permits, pursuant to Section 91(4) of 2008 PA 295, as amended by 2016 PA 342, the adjustment of distribution rates, via the application of an Energy ~~Optimization-Waste Reduction~~ Surcharge, to allow recovery of the energy ~~optimization-waste reduction~~ alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295, as amended by 2016 PA 342.

All customer bills subject to the provisions of this tariff, including any bills rendered under special contract, shall be adjusted by the Energy ~~Optimization-Waste Reduction~~ Surcharge per kWh or Customer as follows:

<u>Tariff</u>	<u>Energy Charges</u>
Rg-1M	\$0.0022 /kWh
RG-OTOU-1M	\$0.0022 /kWh

<u>Tariff</u>	<u>Per Month/Meter</u>	<u>Per Day/Meter</u>
Cg-1M	\$3.24	\$0.1065
Cg-1M Seasonal	\$6.48	\$0.2130
Cg-OTOU-1M	\$3.24	\$0.1065
Cg-OTOU-1M Seasonal	\$6.48	\$0.2130
Cg-3M	\$38.56	\$1.2677
Cg-3M Seasonal	\$77.12	\$2.5355
Mp-1M	\$38.56	\$1.2677
Cp-1M (Secondary)	\$83.95 <u>\$75.98</u>	\$2,760 <u>2,498</u>
Cp-1M (Primary)	\$83.95 <u>\$75.98</u>	\$2,760 <u>2,498</u>
Cp-1M (Transmission <10MW)	\$2,237.56	\$73.5636
Cp-1M (Transmission >10MW)	\$8,496.93	\$279.3511
Ls-1M	\$0.18	\$0.0059

Issued ~~December 21, 2016~~ XX-XX-XX

T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after ~~January 1, 2017~~ XX-XX-XX

Issued under authority of the
Michigan Public Service Commission
dated ~~December 9, 2016~~ XX-XX-XX

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in Case No. U-~~18061~~18336